

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 OIC-02 AID-05 CEA-01 CIAE-00
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AGRE-00 OMB-01 SS-15 STR-07 SSO-00 INRE-00 ICAE-00
NSCE-00 /109 W

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O 161752Z MAY 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 1561

C O N F I D E N T I A L SECTION 01 OF 03 PARIS 15482

USOECD

CEA FOR CHAIRMAN SCHULTZE AND SHAFER; PASS TREASURY
FOR WIDMAN, FRB FOR GOVERNOR WALLICH

E.O. 11652: GDS
TAGS: OECD, ECON, EFIN
SUBJECT: ECONOMIC POLICY COMMITTEE (EPC); PROPOSED
"CHAIRMAN'S NOTE" ON GENERAL PROCEDURES AND FORMAT OF
MAY 29 - 30 MEETING

REF: A) APRIL 7 LETTER FROM SCHULTZE TO VAN LENNEP,
B) PARIS 15289

1. SECRETARIAT HAS NOW REACTED TO CHAIRMAN SCHULTZE'S
SUGGESTIONS FOR IMPROVEMENTS IN EPC PROCEDURES WHICH
HE PROPOSED IN REFERENCE A. PARAGRAPH 3 BELOW TRANS-
MITS THE TEXT OF A "CHAIRMAN'S NOTE" WHICH SECRETARIAT
PROPOSES TO CIRCULATE TO EPC MEMBERSHIP, SUBJECT TO
CHAIRMAN SCHULTZE'S APPROVAL. MISSION COMMENTS ON
THE BACKGROUND AND ON SPECIFIC PLANS FOR THE MAY 29 - 30
EPC MEETING ARE GIVEN UNDER PARAGRAPHS 4 AND 5 BELOW.

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2. ACTION REQUESTED: MISSION WOULD APPRECIATE RECEIV-
ING SOONEST APPROVAL OF TEXT OF "CHAIRMAN'S NOTE"
TOGETHER WITH ANY CHANGES THAT CHAIRMAN SCHULTZE
MIGHT WISH TO MAKE.

3. PROPOSED PROCEDURAL NOTE READS AS
FOLLOWS:

BEGIN TEXT

I WOULD LIKE TO MAKE SOME POINTS ABOUT EPC MEETINGS IN GENERAL, AND THEN APPLY THEM TO OUR FORTHCOMING END-MAY MEETING.

IN MY NEW ROLE AS CHAIRMAN OF THE ECONOMIC POLICY COMMITTEE, I HAVE BEEN GIVING SOME THOUGHT TO HOW THE EPC PROCEEDINGS MAY BE STREAMLINED TO MAKE THE COMMITTEE'S MEETING MORE USEFUL AND MORE INTERESTING. THE SECRETARY-GENERAL AND I HAVE REVIEWED VARIOUS PROCEDURES USED BY OTHER BODIES OF OECD IN LIGHT OF THE SPECIAL ROLE OF THE EPC. I HAVE BEEN GUIDED BY THE PRINCIPLE THAT THE EPC WAS CREATED TO DISCUSS AND COORDINATE POLICY, NOT TO UNDERTAKE LONG DISCUSSIONS ON THE TECHNICALITIES OF SHORT-TERM FORECASTS, NOR EVEN DETAILED ANALYSIS OF THE CURRENT POSITION OF MEMBER COUNTRIES, EXCEPT AS THESE BEAR ON THE POLICY DISCUSSION.

I SUGGEST, THEREFORE, THAT IN FUTURE MEETINGS WE AVOID REHASHING THE PROCEEDINGS OF THE SHORT-TERM FORECASTERS GROUP. IF ANY COUNTRY FEELS THAT ITS SITUATION IS NOT WELL PRESENTED BY THE SECRETARIAT'S DOCUMENTATION, A WRITTEN SUBMISSION TO BE CIRCULATED TO THE COMMITTEE WOULD BE PREFERABLE TO ANY IMPORTANT ORAL INTERVENTION.

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I WOULD ALSO PROVIDE AN OPPORTUNITY FOR ORAL STATEMENTS ON FORECASTS DURING AN "OPEN TIME" PERIOD ON THE SECOND DAY FOR DELEGATIONS WHO FEEL STRONGLY THAT SUCH A STATEMENT IS NECESSARY.

IN CONSULTATION WITH THE SECRETARIAT, WE HAVE AGREED THAT DOCUMENTATION FOR EACH EPC WILL POSE THE MAIN ISSUES IN SUCH A WAY THAT EACH DELEGATE CAN ADDRESS THEM BOTH FROM THE PERSPECTIVE OF DOMESTIC POLICY CONSIDERATIONS AND FROM THAT OF INTERNATIONAL POLICY COORDINATION, AND NOT SOLELY FROM THE VIEWPOINT OF HIS OWN COUNTRY DETAILS. IN THIS WAY, WE SHOULD BE ABLE TO IDENTIFY THOSE ISSUES WHICH HAVE AREA-WIDE CONSEQUENCES.

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C O N F I D E N T I A L SECTION 02 OF 03 PARIS 15482

EACH MEETING WOULD IDEALLY HAVE A FOCAL SET OF SUCH ISSUES WHICH WOULD REQUIRE EXTENSIVE DISCUSSION BY THE COMMITTEE. FOR THE FIRST DAY OF EACH MEETING, I PROPOSE THAT A LIMITED NUMBER (FOUR OR FIVE) SPEAKERS BE DESIGNATED BEFORE THE MEETING TO SERVE AS "KEYNOTE" SPEAKERS. THEY WOULD CONCENTRATE THEIR INTERVENTIONS ON THESE FOCAL ISSUES, HOPEFULLY FROM A RANGE OF ANALYTICAL PERSPECTIVES, AND MINIMIZE DETAIL ABOUT THEIR OWN COUNTRY. GENERAL DISCUSSION WOULD FOLLOW. I SUGGEST THAT "KEYNOTE SPEAKERS" BE GIVEN 15 MINUTES TO ELABORATE THEIR THEME, AND SUBSEQUENT SUBSTANTIVE INTERVENTIONS (BY DELEGATIONS OTHER THAN THOSE DESIGNATED AS "KEYNOTE" SPEAKERS) BE LIMITED TO 10 MINUTES. THE RIGHT TO QUESTION OR MAKE COMMENTS WOULD APPLY AT ANY TIME, WITH A LIMIT OF APPROXIMATELY ONE MINUTE PER INTERVENTION. TO OPEN THE SECOND DAY, I PLAN TO GIVE A SUMMARY -- WHICH I HOPE TO MAKE AS PROVOCATIVE AS POSSIBLE -- OF THE MAIN DISCUSSION, FOLLOWED BY TWO OR THREE DESIGNATED COMMENTATORS (WITH TEN-MINUTE TIME LIMITS). DISCUSSION ADDRESSED TO THE SUMMARY COULD CONTINUE UNTIL, AT THE
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LATEST, 11:30 A.M.

DISCUSSION OF AUXILIARY AGENDA ITEMS WOULD FOLLOW THE SAME GENERAL PROCEDURE IN AN ABBREVIATED FORM. AS MENTIONED EARLIER, I BELIEVE WE SHOULD PROVIDE AN HOUR OR SO FOR OPEN TIME WHEN DELEGATES MAY REVERT TO POINTS

OF AN EARLIER DISCUSSION, RAISE QUESTIONS NOT INCLUDED
IN THE AGENDA, OR COMMENT ON FORECASTS.

A FINAL GENERAL POINT: I HAVE CONSULTED WITH THE SECRETARY-GENERAL ON THE FREQUENCY OF EPC MEETINGS AND WE HAVE AGREED THAT THE SEMI-ANNUAL PATTERN, WHICH WAS AT ONE TIME STANDARD, SHOULD BE RESTORED. EVIDENTLY, IF THERE ARE EXTRAORDINARY CIRCUMSTANCES WHICH REQUIRE AN ADDITIONAL MEETING OF OUR GROUP, THEN IT COULD BE ARRANGED.

I SHOULD NOW LIKE TO SUGGEST HOW THIS NEW PROCEDURE MIGHT BE USED AT OUR UPCOMING, EXTREMELY IMPORTANT MEETING. THE FIRST DAY WOULD BE DEVOTED TO DISCUSSION OF THE QUESTIONS PINPOINTED IN THE SECRETARIAT'S MAIN ISSUES PAPER CPE(78)7 PARA. 37, WHICH CONCERN THE ROLE THAT CONCERTED ACTION COULD PLAY IN THE PRESENT SITUATION. I DO NOT THINK THE FOUR QUESTIONS IDENTIFIED IN PARA. 37 CAN BE DISCUSSED SEPARATELY, AND I HOPE TO ARRANGE FOR FOUR OR FIVE KEYNOTE SPEAKERS EACH OF WHOM WILL COVER THEM ALL.

AT THE START OF THE SECOND DAY, I WOULD SUM UP THE DEBATE SO FAR AND, AFTER THE DESIGNATED COMMENTS THEREON AND SUBSEQUENT DEBATE, I WOULD AT LEAST TEMPORARILY CUT OFF THIS ITEM AT 11:30. WE WOULD THEN TACKLE THE IMPORTANT QUESTIONS CONCERNING MEDIUM-TERM GROWTH AND CONSTRAINTS WHICH WILL BE THROWN UP BY THE PAPER RESULTING FROM THE CONFIDENTIAL

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18/19 MAY MEETING OF WP2, STARTING WITH THE WP2 CHAIRMAN AND A COUPLE OF DESIGNATED SPEAKERS. AROUND LUNCH-TIME I WOULD BREAK OFF THIS ITEM AND ASK THE SECRETARIAT HOW THE SIMULTANEOUS DISCUSSIONS IN ANOTHER ROOM ON THE SUBJECT OF POSITIVE ADJUSTMENT POLICIES HAVE DEVELOPED. AFTER LUNCH, WE WOULD DEVOTE OUR REMAINING TIME TO WHATEVER QUESTION SEEMED MOST USEFUL FROM THE VIEWPOINT OF PREPARING THE MID-JUNE MINISTERIAL DISCUSSION, WHETHER THIS BE ON SHORTER-TERM MACRO-ECONOMIC POLICY, MEDIUM-TERM GROWTH PROBLEMS OR POSITIVE ADJUSTMENT. BEFORE CLOSING, I WOULD THINK IT IMPORTANT TO CONFIRM THE TONE OF THE MESSAGE THAT EPC WANTS CONVEYED TO MINISTERS ON THESE QUESTIONS.
END TEXT

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COMMENT:

4. CONTENT OF NOTE IS NOT GREATLY CHANGED FROM ORIGINAL SUGGESTIONS CONTAINED IN REF A. PRINCIPAL MODIFICATION MADE BY SECRETARIAT IS SOME REDUCTION IN DESIGNATED SPEAKERS FROM 10 - 12 CONTAINED IN REF A TO MAXIMUM TOTAL OF 8 OF WHICH 4 - 5 ON FIRST DAY AND 2 - 3 ON SECOND DAY. SECRETARIAT'S OBSERVATION HERE (WITH WHICH MISSION AGREES) IS THAT SMALLER NUMBER OF DESIGNATED SPEAKERS OBVIATES NECESSITY OF ADOPTING SOMEWHAT CUMBERSOME PRINCIPLE OF ROTATION AND IS REALLY NOT NECESSARY IN A FORMAT IN WHICH DISCUSSION ON MAIN TOPIC OF THE AGENDA WOULD BE TERMINATED BY ABOUT 11:30 A.M. OF SECOND DAY. IN EFFECT, OPPORTUNITIES FOR COUNTRIES NOT DESIGNATED IN ADVANCE TO MAKE PREPARED (AS DISTINCT FROM SPONTANEOUS) STATEMENTS WOULD ALREADY BE SQUEEZED INTO THAT PART OF AFTERNOON OF FIRST DAY WHICH WOULD REMAIN AFTER DESIGNATED SPEECHES AND DISCUSSION THEY ENGENDERED HAVE ENDED. SECRETARIAT HAS ACCEPTED
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CHANGES IN BUREAU FORMAT PROPOSED IN REF A AND INVITATIONS HAVE BEEN GIVEN OUT (SEPTEL) FOR BUREAU MEETING AND DINNER TO TAKE PLACE AT AMBASSADOR SALZMAN'S RESIDENCE BEGINNING AT 6:30 P.M.

ON MONDAY, MAY 29.

5. WITH RESPECT TO THE SPECIFIC APPLICATION OF THE NEW PROCEDURES TO THE MAY 29 - 30 MEETING, CHAIRMAN'S NOTE LARGELY INCORPORATES THE PLANS ALREADY TENTATIVELY REPORTED IN REFTEL B. FOR THE FIRST DAY, SECRETARIAT WILL ASK FIVE DESIGNATED SPEAKERS TO ADDRESS THE QUESTIONS IN THE MAIN ISSUES PAPER. THESE COUNTRIES ARE, SUCCESSIVELY, JAPAN, GERMANY, THE NETHERLANDS, SWITZERLAND, AND THE UNITED STATES. ON THE MORNING OF THE SECOND DAY, THE SECRETARIAT INTENDS TO ASK THE UNITED KINGDOM AND GERMANY TO COMMENT ON THE CHAIRMAN'S SUMMARY WHICH WOULD OPEN THAT DAY'S DISCUSSION. AFTER THE PROCEEDINGS MOVE TO THE AGENDA ITEM ON THE MEDIUM-TERM STRATEGY (I.E. ABOUT 11:30 A.M. ON THE SECOND DAY), SECRETARIAT INTENDS TO ASK BELGIUM AND CANADA TO COMMENT ON THE REPORT AND THE RESULTS OF THE WP 2 DELIBERATIONS TO BE PRESENTED BY WP 2 CHAIRMAN SCHREINER. (THE RATIONALE HERE IS THAT BELGIUM IS THOUGHT OF AS A "MODERATELY CAUTIOUS" COUNTRY, WHILE CANADA CAN BE CHARACTERIZED AS A "MODERATELY AMBITIOUS" COUNTRY) FOR THE AFTERNOON OF THE SECOND DAY, SECRETARIAT SUGGESTS THAT NATURE OF EPC DISCUSSION BE LEFT SOMEWHAT OPEN SO THAT IT BE PREPARED TO HANDLE WHATEVER QUESTION SEEMED MOST APPROPRIATE AT THE TIME, DEPENDING PARTICULARLY ON HOW THE DISCUSSION WILL PROCEED AND WHAT ISSUES MAY REMAIN ON THE CONCERTED ACTION STRATEGY OR POSITIVE ADJUSTMENT (OR PERHAPS MEDIUM-TERM GROWTH

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STRATEGY AS WELL), ESPECIALLY IN THE LIGHT OF CONTRIBUTION EPC WANTS TO MAKE TO THE MINISTERIAL MEETING.

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